

Message Text

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ORIGIN EB-08

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FM SECSTATE WASHDC
TO AMEMBASSY MANILA IMMEDIATE

C O N F I D E N T I A L STATE 038949

FOR AMBASSADOR SULLIVAN FROM KATZ AND HOLBROOKE

E.O. 11652: GDS

TAGS: CIVAIR

SUBJECT: US-PHILIPPINES NEGOTIATIONS

REF: MANILA 2560

1. BEFORE ENDORSING CAB ACTION, DEPT. CAREFULLY CONSIDERED PROBABLE CONSEQUENCES OF CAB DISAPPROVAL ORDER REGARDING PAL'S APPLICATIONS FOR ALL-CARGO SERVICE. WE RECOGNIZE THAT GOP LIKELY TO INTERPRET DECISION AS FIRST EXPRESSION OF NEW ADMINISTRATION POLICY TOWARD GOP AND ELEVATE ISSUE TO POLITICAL LEVEL. EMBASSY SHOULD USE ITS IMPRESSIVE PERSUASIVE POWERS TO CONVINCE GOP TO CONTRARY AND UNDERSCORE THAT THIS IS LONG-PENDING TECHNICAL ECONOMIC/ COMMERCIAL MATTER WHICH SHOULD BE CONTAINED IN NORMAL CONFIDENTIAL

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ECONOMIC/COMMERCIAL CHANNELS OF NEGOTIATION AND APPEAL. DEPT. HAS INFORMED NSC FULLY ON THE CASE AND OF YOUR VIEWS.

2. DEPT. HAS ONCE AGAIN REVIEWED LEGAL ASPECTS AND REITERATES CONCLUSION THAT THE AMBIGUOUS LANGUAGE OF 1974 ARRANGEMENT AND SOME ELEMENTS OF NEGOTIATING HISTORY PRO-

VIDE BASIS FOR JUDGMENT THAT INTENT WAS TO MAINTAIN STATUS QUO. WORDS "SYMPATHETIC CONSIDERATIONS" CAN ALSO BE CONSTRUED TO REFER TO REQUESTS FOR NONCONSEQUENTIAL

ADJUSTMENTS IN THE STATUS QUO. GOP COULD BE EXPECTED TO GIVE EVIDENCE OF ITS "SYMPATHY" BY SOME POSITIVE ACTION, E.G., ALLOWING FTL TO CHANGE AIRCRAFT WITH THE PROVISOR THAT THE CAPACITY LEVEL WOULD BE MAINTAINED AT THE ORIGINAL (DC-8) LEVEL.

3. USG WOULD PREFER TO KEEP ALL CARGO SERVICE PROBLEMS SEPARATE FROM GENERAL BILATERAL CIVIL AIR NEGOTIATIONS AND WAS PREPARED TO APPROVE PAL'S APPLICATION IN RETURN FOR ITS ACCEPTANCE OF FTL REQUEST. HOWEVER, IT IS OBVIOUS GOP SEES ITS INACTION ON FTL AND PAN AM APPLICATIONS AS ONE WAY TO STRENGTHEN ITS BARGAINING POSITION FOR ACQUIRING LOS ANGELES.

4. FTL IS AWARE OF POSSIBLE RETALIATION AGAINST ITS THREE WEEKLY FLIGHTS TO MANILA AND IS PREPARED TO SUFFER CONSEQUENCES. ACCORDING TO AIRLINE REPS, WITHOUT ABILITY TO CHANGE AIRCRAFT, FTL WOULD HAVE TO CONSIDER SERIOUSLY WHETHER IT COULD CONTINUE SERVICE TO MANILA REGARDLESS ANY GOP RETALIATORY ACTION.
HARTMAN

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